

ELECTRONICALLY FILED  
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Counsel for the Official Committee Of  
Equity Security Holders Of USA Capital First Trust Deed Fund, LLC

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:	)	BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY,	)	Chapter 11
Debtor.	)	
In re:	)	BK-S-06-10726-LBR
USA CAPITAL REALTY ADVISORS, LLC,	)	Chapter 11
Debtor.	)	
In re:	)	BK-S-06-10727-LBR
USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,	)	Chapter 11
Debtor.	)	
In re:	)	BK-S-06-10728-LBR
USA CAPITAL FIRST TRUST DEED FUND, LLC,	)	Chapter 11
Debtor.	)	
In re:	)	BK-S-06-10729-LBR
USA SECURITIES, LLC,	)	Chapter 11
Debtor.	)	
Affects	)	
<input checked="" type="checkbox"/> All Debtors	)	Date: October 25, 2006
<input type="checkbox"/> USA Commercial Mortgage Co.	)	Time: 9:30 a.m.
<input type="checkbox"/> USA Securities, LLC	)	
<input type="checkbox"/> USA Capital Realty Advisors, LLC	)	
<input type="checkbox"/> USA Capital Diversified Trust Deed	)	
<input type="checkbox"/> USA First Trust Deed Fund, LLC	)	

**DECLARATION OF MATTHEW KVARDA IN SUPPORT OF FTDF  
COMMITTEE STATEMENT IN SUPPORT OF MOTION FOR ORDER  
SCHEDULING AN AUCTION FOR THE SALE OF CERTAIN ASSETS,  
APPOINTING SPCP, LLC AS LEAD BIDDER, AND APPROVING BID  
PROCEDURES AND PROTECTIONS (AFFECTS ALL DEBTORS)**

1. I am a director of Alvarez & Marsal, LLC, financial and real estate advisors to the Official Committee of Equity Security Holders of USA Capital First Trust Deed Fund, LLC (the "FTD Fund Committee").

2. The following facts are personally known to me and/or based upon my personal observations. If called to testify thereto, I could and would do so, under oath.

3. In connection with the above-captioned cases, I and the members of the engagement team have worked closely with the members of the FTD Fund Committee and its other professionals regarding the development of a workable exit strategy which maximizes the potential return to the FTD Fund investors.

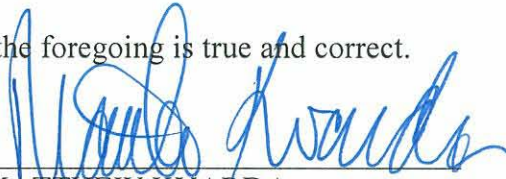
4. As part of that assignment, I and the members of the engagement team conducted a thorough analysis of the FTD Fund loan portfolio, including an analysis of certain loan documents and the appraisals prepared by Hilco, as well as significant discussions with the Debtor's professionals in order to achieve an understanding of the range of potential recoverable values for the FTD Fund loan portfolio, including potential costs, risks and uncertainties associated with the collection of the outstanding loans under a variety of scenarios.

5. Based upon these analyses, the FTD Fund Committee engaged in an active debate and developed a strategy for the negotiation of a potential sale of FTD Fund assets, at a minimum price determined by the Committee, with input from its professionals.

6. I believe that the price reached by the Debtors and SPCP LLP for the sale of substantially all of the FTD Fund assets provides a means by which to maximize the recovery to the FTD Fund investors and is consistent with the values contained in the risk adjusted recovery analysis prepared by my firm.

7. Other issues are simultaneously being considered by the FTD Fund Committee, as set forth in more detail in the FTD Fund Committee's Statement In Support Of Motion For Order Scheduling An Auction For The Sale Of Certain Assets, Appointing SPCP, LLC As Lead Bidder, And Approving Bid Procedures And Protections, filed herewith.

I declare under penalty of perjury that the foregoing is true and correct.

  
MATTHEW KVARDA

Alvarez & Marsal, LLC  
Financial and real estate advisor to the  
Official Committee of Equity Security  
Holders of USA Capital First Trust Deed  
Fund, LLC